DOCUMENT RESUME

ED 430 312 EA 029 839

AUTHOR	Correia, Joan
TITLE	Business Management in the Catholic School.
INSTITUTION	National Catholic Educational Association, Washington, DC.
ISBN	ISBN-1-55833-210-3
PUB DATE	1998-00-00
NOTE	68p.
AVAILABLE FROM	National Catholic Educational Association, 1077 30th Street, NW, Suite 100, Washington, DC 20007-3852; Tel: 202-337-6232; Fax: 202-333-6706; Web site: http://www.ncea.org; e-mail: pubs@ncea.org
PUB TYPE	Guides - Non-Classroom (055)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	*Administrators; *Catholic Schools; Educational Finance; Elementary Secondary Education; School Accounting; *School Administration; *School Business Officials

ABSTRACT

This manual attempts to clarify appropriate business-management practices for Catholic schools. It addresses relevant financial issues, such as stewardship of property and resources. The volume describes the importance of employing a business manager and explores that person's role, delving into the business manager as manager, leader, and facilitator. The book examines the business manager's relationship to members of the school community, such as the principal, the school board, parents, staff, and students. Topics such as how to manage accounts receivable, development income, investments, and cash flow are discussed. It also discusses how to manage accounts payable, salaries, benefits, and vendors. Suggestions for budget preparation, including departmental involvement, the use of financial reports, revising the budget, and communicating the budget are offered. Also included is information on financial reporting, balance sheets, operating statements, cash flow, comparison statements, annual reviews and audits, and financial projections. Plant and maintenance operations and how to deal with maintenance staff, security, record keeping, and upkeep are presented. Some of the other internal operations covered include working with the cafeteria and the bookstore. Seven appendices offer sample forms for a chart of accounts, an employment agreement, an annual sick-leave record, and other administrative matters. (RJM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

EA

Business Management in the Catholic School

by Joan Correia, OP

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

P. Kokus

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

ED 430 312

EA 029 839

2

BEST COPY AVAILABLE

Business Management in the Catholic School

by
Joan Correia, OP

National
Catholic
Educational
Association

© 1998
National Catholic Educational Association
1077 30th Street, NW, Suite 100
Washington, DC 20007-3852
ISBN 1-55833-210-3

Table of Contents

Dedication vii

Foreword ix

Chapter I. **Introduction** 1
The Need for a Business Manager 1
The Purpose of This Manual 2
How to Use This Manual 2

Chapter II. **Role of the Business Manager** 3
Who the Business Manager Is 3
Manager 3
Leader 4
Facilitator 6
Who the Business Manager Is Not 6
Development Officer 7
Secretary 7
Substitute Teacher 7

Chapter III. **Relationship to Members of the School Community** 9
Head of School 9
School Board 10
Parents 11
Staff 12
Salaries 12
Benefits 12
Budgets 12
Students 13

Chapter IV. **Managing Accounts Receivable** 15
Tuition and Fees 15
Early Payments 15
Tuition Assistance 16
Delinquent Accounts 16

Development Income 17
Alumni Support and Annual Fundraising 17
Grants 17
Endowments 18
Investments 18
Internally Managed 18
Externally Managed 18
Cash Flow 19
Adjusting Payment Schedules 19
Staggering Investments 20
Deferring Income 20
Tracking Receivables and Payables 20

Chapter V. **Managing Accounts Payable** 21
Compensation: Salaries 21
Salary Scales 21
Payroll 22
Scheduling 23
Compensation: Benefits 23
Medical Insurance 23
Retirement 24
Disability 24
Workers' Compensation 24
Life Insurance 24
Vendors 25
Academic 25
Cafeteria 25
Plant Upkeep and Maintenance 26

Chapter VI. **Budget Preparation** 27
Departmental Involvement 27
Academic Departments 27
Maintenance and Cafeteria Personnel 28
Administration 28
Use of Financial Reports 29
Revising the Budget 30
Communicating the Budget 30
Head of School 31
School Board/Board of Trustees 31

Faculty/Staff 31
Parents 31

Chapter VII. Financial Reporting 33
Types of Reports 33
Balance Sheet 33
Operating Statement 33
Cash Flow 34
Comparison Statements 34
Frequency 34
Annual Reviews and Audits 35
Financial Projections and Long-range Planning 35

Chapter VIII. Plant and Maintenance Operations 37
Maintenance Staff 37
Hiring Maintenance Staff 37
Contracting for Maintenance Services 38
Combination of External Services and Maintenance Supervisor 38
Record Keeping 38
Bids and Contracts 38
Painting 39
List of Suppliers 39
Security 39
Planning for Upkeep 40
Physical Plant Audit 40
Funding 41
Evaluation 41

Chapter IX. Other Internal Operations 43
Cafeteria 43
Federal/State Breakfast and Lunch Programs 44
Outside Food Service Management 44
Internally Managed Cafeteria Program 45
Bookstore 46

Chapter X. Conclusion 49

Appendices

A: Sample Snapshot of Primary Responsibilities 51

B: Sample Chart of Accounts Record of Income in Preparation for Deposits 53

C: Sample Employment Agreement for Co-curricular Activities 54

D: Sample Employment Contract for Non-teacher Personnel 55

E: Sample Annual Sick Leave Record ... 56

F: Sample Salary and Benefits for Fiscal Year 1998-1999 57

G: Sample Breakfast Cost Record 58

References 59

About the Author 61

Dedication

To my mother, who first taught me about organization and financial management, and to the Sparkill Dominicans, who gave me the opportunity to use what I have learned in ministry.

Foreword

Sister Joan Correia, OP, in *Business Management in the Catholic School*, reveals her thorough understanding of the scope of the Catholic school business office. She stresses the importance of collaboration with appropriate boards and committees; she explains the obvious and the subtle benefits of automation in the office. These two characteristics of board involvement and technological function surely distinguish the business office of the third millennium.

Clearly, effective business office operations impact the climate and the productivity of the entire school. The office is central to moving the school toward the realization of its mission. Using language and context familiar to elementary and secondary school personnel, Joan unfolds the role of the business manager as it relates to the allocation of financial aid, the handling of tuition delinquencies and the processing of gifts. The business manager, on unanticipated occasions, could serve in a pastoral role as well as in an accounting one.

Impeccable record keeping and timely reporting are just two of the responsibilities of the ever expanding business office. Joan, having achieved veteran status herself, speaks wisely about the contributions the successful business manager and business office staff make to the school; business office staff bring high levels of competence to multi-faceted tasks. The complexities inherent in the predictable effort to balance head and heart, people and things, data and philosophy, and income and expense are seen by Joan as all in a day's work. Joan Correia's ability to write about the art of business management stems from her ability to live the art in her profession. We are privileged to hear from one so involved in the field. The excellence Joan has achieved in the business office at Aquinas High School in the Bronx where she currently serves adds a substantial margin of credibility to her informed pages.

The NCEA Secondary Schools Department presents *Business Management in the Catholic School* in a

spirit of professional pride and in gratitude to Joan Correia, OP.

Sister Mary E. Tracy, SNJM
Associate Executive Director
Secondary Schools Department
Summer 1998

I. Introduction

The Need for a Business Manager

Thirty years ago, most Catholic schools had little need for a full-time business manager. While heads of schools may have had some outside accounting assistance and a tuition secretary, it was generally the school administrator who bore responsibility for managing the business end of the school. There seemed to be an unlimited supply of students combined with an unending source of inexpensive labor from religious communities.

Such is not the case today. Management of Catholic schools, as in other areas of our society, has become increasingly more complex. One administrator can no longer be completely responsible for the many facets of school management. One result of this complexity has been an increase in the number of assistant principals both on the elementary and secondary levels. Many schools have hired recruitment personnel as well as development directors. A competent business manager can be a valuable and necessary addition to the management team of a school.

There are numerous financial aspects to running a school. Most of them are addressed in this manual. It is extremely difficult for an administrator to unilaterally oversee all of these areas properly and still give the necessary attention to academics. A business manager can assist the administrator by focusing on responsible stewardship of the financial and physical resources of the school and by adding that expertise to overall management decisions. In the past, Catholic institutions have often tried to save money by having one person do several jobs. The complexity of school administration can result in poor planning, long-term financial loss, and extremely over-burdened administrators. Hiring a business manager can be an important step in achieving financial stability for the 21st century.

BEST COPY AVAILABLE

The Purpose of This Manual

This manual attempts to clarify appropriate business management practices for Catholic schools. It addresses relevant financial issues as well as stewardship of property and resources. In today's rapidly changing educational environment, the manual points out the necessity of budgeting and long-range planning. Although schools vary in size and organizational structure, the topics included are important for all. The only difference is the manner in which they are carried out.

The second objective of this manual is to introduce the concept of the business manager as "a leader". Strategies of management abound in the business world. As Church-related institutions, Catholic schools have the responsibility to model a type of management that is consistent with the Gospel, yet professional and knowledgeable about contemporary issues. Leaders should be at the service of the community and constantly be in touch with the needs of those they serve. The challenge for the business manager is to model this vision of leadership, while at the same time remaining immersed in the world of practicality. The call to stewardship is one which applies to many areas of life but, most importantly, to the world of business. The business manager of a Catholic school should provide the impetus for the school community to heed this call.

How to Use This Manual

This manual can be used by various school officials for a variety of reasons. Heads of schools can use it to evaluate the business management of their schools or to provide a new business manager with preparatory material. It can also be used as a means of discussion when hiring a business manager for the first time. Many schools, especially elementary schools, are just beginning to look in this direction. The manual can be used as a whole or individual chapters can be used to address appropriate situations in a particular school.

Experienced business managers will find this material useful for both reflection and evaluation. Since every school has its own culture, a business manager may choose a specific chapter to help clarify a course of action. The transition from one business manager to the next is often a traumatic time for a school, as well as an opportunity for change. This manual will contribute to a smooth transition.

- 1 13

II. Role of the Business Manager

Catholic schools come in various shapes and sizes: elementary or secondary, single gender or coed, they may be owned by a single parish or group of parishes, arch/diocese, or a religious community. These differences can significantly shape the part that a business manager plays in the life of a school. They can determine whether the position even exists in a particular school. Nevertheless, there are some important concepts about the role of a business manager that pertain to all Catholic schools, regardless of who actually fills the job.

Who the Business Manager Is

The business manager serves in three different capacities for the betterment of the school community. The three capacities are related since they often operate simultaneously. It may be helpful to consider each separately, from the global perspective, and from the specific perspective within the Catholic school.

Manager

According to Webster's dictionary, a manager is someone who is in charge of a situation. In today's rapidly changing world, many managers would probably challenge this definition! As more and more companies downsize, managers may feel that situations are in charge of them. In the past, a manager was usually thought of as a director, a controller, and a decision-maker. It was the manager's job to solve problems, evaluate staff performance and give orders. This vision of management created a very orderly world where managers were clear about what was expected of them.

Today's manager finds a much more flexible and inclusive environment. In his book, *The Fifth Discipline: Mastering the Five Practices of the Learning Organization*, Peter Senge says that the essence of the new role of a manager will be as a researcher and a designer. This new view sees managers as responsible for building organizations where people are continually learning, including the managers. Designers find ways to make things work in the real world. As a designer, the manager would be responsible for creating the process of learning which allows others to deal successfully with the issues they face. To be true to this new vision, managers would become more conscious of the need for integration and seeing the whole picture. When a problem arises, the manager would no longer be the one to "solve" it. The process would be in place for all members of the organization to take joint responsibility for facing such issues.

In Catholic schools, business managers need to operate from this new management perspective. Although many schools face serious financial problems, it would be a mistake to focus solely on the bottom line as the only criterion for success or failure. While business managers have the task of organizing and presenting financial information, they also have the responsibility to consider how the finances impact the values and vision of the larger school community. Managers play an integral role in designing a process to educate all parts of the school community about the financial picture of the school. This process can welcome input toward decision-making, as well as communal reflections about the implications of financial decisions.

It is also important for business managers to hold a clear vision of the overall financial climate of the school. There are many aspects of a school's finances and it is very easy to become completely focused on one component, especially if it is a problem area, and forget to step back to see the whole picture. Managers who see the connectedness of the many financial pieces of the school's situation bring an invaluable wisdom to the decision-making process.

15

Leader

Business managers of Catholic schools have a second

role, that of "leader" or "member of a leadership team". How does the Gospel notion of leadership impact the business manager as "leader"? Scripture tells us that "the first shall be last and the last shall be first", and the leader is one who serves. Jesus washed the Apostles' feet as a model of servant leadership. Contrary to this view, Webster's dictionary claims that the opposite of "leader" is "servant". The challenge then, to a leader in a Catholic school, is to move against the prevailing definitions and integrate the servant/leader model.

Some "prophets" in the business world are seeing the value in this type of leadership. Peter Block in his book, *Stewardship: Choosing Service Over Self-interest*, says, "The traditional concept of leadership does not leave much room for the concept of partnership. We need a way to hold on to the initiative, accountability and vision of the leadership idea, and to abandon the inevitable baggage of dominance and self-centeredness." He believes that "We expect leaders to choose service over self-interest, but it seems the choice is rarely made." Block's ideas of partnership and service are consistent with Gospel values, giving a goal for business managers as leaders in Catholic schools.

There are many practical ways that business managers can carry out this servant/leader model. They can remember that the resources they manage are not their own. Business managers of Catholic schools serve as stewards of Church-related funds and, as such, should refrain from stances of dominance or control. This does not lessen the financial manager's responsibility but, rather, frees the person to accept the wisdom of the administration or financial committee. There will be times where financial expediency is not the driving force in decision-making. When freed from issues of control and superiority, managers can recognize that financial information serves a higher vision.

The business manager can also be an "enabler", in the best sense of the word. Through education and sharing of financial information, business managers can enter into a partnership with other staff members and administration. They can design processes whereby other members of the school community can make appropriate financial decisions, at their level, for the good of the school

community. As a result, maintenance workers can make certain purchasing decisions because they know the budget parameters and have had input into the formation of that budget. Parents understand the relationship between tuition and salaries, because complete financial information has been explained to them.

Facilitator

Since business managers have access to overall financial and resource information of the school, they can facilitate many of the operations necessary to the successful operations of the institution. Referring again to dictionary definitions, to facilitate is to make easy, promote, speed, accelerate, or expedite. Clear financial information can give the school community the ability to make sound decisions both for the present and for the future.

There are several key areas where the business manager can facilitate operations in a school:

1. Relationships with government and/or diocesan agencies—keeping abreast of relevant regulations and providing prompt, accurate resource information;
2. Staff salary and benefit information—communicating trends and related information to the head of school and enabling the staff to make use of all entitled benefits (see Chapter III);
3. Long-range planning—using current and past information to assist in financial projections and planning for use of assets (see Chapter VII);
4. Record-keeping—carefully tracking all relevant financial information for the required number of years, including repair and renovation records for the physical plant (see Chapter VIII);
5. Investments—becoming knowledgeable about the investment potential of the school and obtaining competent outside assistance regarding available options (see Chapter IV).

Who the Business Manager Is Not

After commenting on some of the roles that a business manager should play in a Catholic school, it may be helpful to discuss the roles that a business manager should not play.

Development Officer

Although both are concerned with the income needs of the school, the business manager is not the same as the development officer. If a school is funding both positions, the responsibilities of each should be clearly delineated. While a development officer has more involvement in fundraising, public relations, and recruitment, the business manager is responsible for the broader income and expense operations of the school. They should establish a good working relationship with each other, as there are areas that overlap. The business manager needs budgeting information from the development officer and the development officer needs overall budget information from the business manager. Both are critical members of the leadership team of the school.

Secretary

Since the business manager often communicates with outside agencies, vendors, and parents, it is easy for the head of school to assume that certain secretarial tasks should fall to the business manager. On the other hand, if a school has not funded a separate position for a business manager, it is easy to assume that the secretary will manage at least the bookkeeping part of the job. When operating on a very tight budget, as many Catholic schools must, it is tempting to merge two distinct positions into one. The result is that neither job is properly performed. It is not the secretary's role to oversee the financial climate of the school and to be involved in long-range planning. It is also not the business manager's job to handle all school correspondence or act as a receptionist.

Substitute Teacher

In every school, there is always a need for substitute teachers. Every administrator or assistant administrator deals with this situation, often at a moment's notice. It is always advisable to bring in a substitute teacher if the situation requires one. But, if the budget is tight, in order to save scarce resources, it is often difficult to avoid using the additional personnel at hand at the school. While there may be the rare occasion when this is necessary, as a usual practice, it is not advisable. It is especially easy to succumb to this temptation if the business manager has

had teaching experience. Managers cannot focus on managing, leading and facilitating if they continually find themselves in a classroom. Moreover, business managers will begin to see their jobs as less important to the overall success of the school. In the long run, the school community suffers.

III. Relationship to Members of the School Community

To function well as members of the leadership team, business managers should consider their appropriate relationships with other members of the school community. In most cases, lines of accountability run in both directions. Honest communication is the key to establishing good working relationships on all levels. Business managers must possess effective communication skills in order to successfully convey financial information and to develop a partnership for effective decision-making.

There are several members of the school community with whom the business manager must relate.

Head of School

The business manager's primary line of accountability is to the head of school. There must be constant, clear communication between the business manager and the school head in order to effectively manage the school's resources. The head of school depends on the business manager to provide timely, accurate information regarding the operating income and expenses upon which appropriate decisions can be based. The business manager relies on the head of school to communicate relevant academic needs that impact the budget. Together, with input from the various other departments, the school leadership formulates the yearly operating budget and reflects on the implications of the financial statements. Jointly, they create plans for capital expenditures and consider funding sources for such projects, with the development officer when appropriate. Business managers

gain a better understanding of the institutional vision and goals from the head of school, just as the school head gains a better grasp of the institution's total financial picture from the development officer and business manager. Together their long-range planning prepares the school for the future.

School Board

Most Catholic schools sponsored by religious communities and many diocesan or parochial schools have functioning school boards. While the school administration has the responsibility for the day-to-day activities, members of the school board assist in the broad areas of decision-making. They often provide the link between the owners and the school leadership. In many cases, the school board is responsible for hiring the head of school or, at least, interviewing and making recommendations for hiring. Thus, the accountability of the business manager to the head of school extends to the school board.

One of the chief ways in which the business manager is accountable to the school board is through financial reports. School boards require regular (quarterly or semi-annual) reporting in order to have a sufficient grasp of their school's finances. Boards typically approve the annual school budget prepared by the business manager and administration with the aid of the finance committee. The board also depends on the business manager's interpretation of the financial data and comparison figures, as well as the identification of any trends that may be apparent in order to have an understanding of the school's finances.

Once again, a reciprocal relationship exists between the business manager and the school board. The business manager must provide a complete, accurate financial picture to the finance committee of the board and be open to suggestions for improving the fiscal operations of the school. Boards vary as to the amount of detail they require in financial reporting. Business managers must be prepared to produce whatever level of detail is necessary to ensure the board's understanding of the school's finances.

The board, for its part, exists to help the school achieve its goals and carry out its mission. It can provide invaluable assistance to the business manager in overseeing the school's resources. Through the finance committee, board members can aid with budgeting, long-range planning, plant management, and technology assistance, among other things. The individual members of the board bring a variety of experiences and expertise to the financial leadership of the school. Both the head of school and the business manager can tap into this knowledge as a source of ongoing support.

Parents

Business managers have a unique relationship with the parents of Catholic school students. Faculty and administration deal with parents in terms of the student's academic performance or behavior. Business managers are concerned with the parents' own responsibility to meet their financial commitments and with their understanding of school financial matters. Both managers and parents need income, pay bills, try to save money, and plan for future needs. This commonality is the basis for a cooperative relationship, rather than an adversarial one.

The primary occasion for contact between business managers and parents is usually payment of tuition and fees. While this may be handled directly by a tuition assistant, business managers often become involved when problems arise. They must consciously create a climate of cooperation when financial difficulties arise. Parents will respond more favorably if they feel that the business managers are working with them to find a possible solution. Although the head of school may make the final decision regarding financial problems, an attitude of mutual respect between the business manager and the parents will pave the way for a much more satisfying solution.

There are other times when business managers can be of service to the parents. In many schools, especially urban, inner-city ones, federal breakfast and lunch programs are available for low-income students. By giving clear information about these opportunities, business managers can assist parents to take advantage of available

programs. It is also important for business managers to readily communicate the overall financial picture of the school to parents. One way this can be accomplished is by an annual open business meeting. Just as parents are responsible to the school to meet their financial obligations, the school is responsible to the parents to report its financial status. In this way, a partnership is established.

Staff

Employees of the school have direct contact with the business manager with regard to salaries, benefits and departmental budgets.

Salaries

Business managers assume the overall responsibility for payroll of both faculty and staff. Some schools use payroll services while others manage on their own. Accuracy and confidentiality are vital in this area. Once again, communication is the key in establishing a positive relationship. The business manager should inform the staff about any changes in payroll schedules and provide prompt payment and tax information.

Benefits

Staff benefits are an important part of the compensation package. Business managers should carefully explain all aspects of the benefits package, especially medical insurance and retirement or annuity plans. They can be part of the orientation session with new staff members to communicate the necessary information and distribute written directions. Business managers should establish clear procedures so staff members know how to use medical insurance, workers' compensation, short and long-term disability, and tax-deferred annuities. It can be helpful to hold a workshop on one or more of these areas, using outside speakers. Helping the staff to understand and use their benefits is one way that business managers can be of great service to the school community.

Budgets

Departmental budgets are an integral part of the overall school budget. Business managers deal with chair-

persons and heads of departments both in projecting budgets and in monitoring expenses during the year. As with the parents, it is important to create an atmosphere of cooperation. Business managers should give staff members enough information about the total finances of the school so that departmental budgets can be constructed in relation to the whole. Procedures for payment of invoices should be explained clearly, as well as the necessity of accurate departmental record keeping. Business managers should remember that all staff, lay or religious, give contributed services to the Catholic school, and they should incorporate this underlying philosophy in financial reporting to the board, parents, and staff.

Students

The amount of direct contact that the business manager has with students varies from school to school. Naturally, in a small school, there may be more opportunities for interaction, as the business manager may be directly responsible for tuition and financial assistance. Even in a larger school setting, where staff personnel have more day-to-day contact with students, business managers still have opportunities to deal with students, especially when the inevitable financial problems arise. They can serve students by informing them of all avenues of financial assistance, including breakfast and lunch programs, and directing them to the proper resources for school-related job opportunities if they exist. Business managers can use these occasions to explain the general financial status of the school. Students are often unaware of the contributions of staff, how vital they are to the school's financial health, and the part they play in keeping tuition down. This is also a chance to talk to students about their responsibility to give back to others through service hours, for all that has been given to them.

IV. Managing Accounts Receivable

In today's Catholic school, business managers have the unenviable task of trying to do more with less money. Technology has become a necessity in education, but an expensive necessity. Managing income well gives a school more flexibility to meet emerging technological needs, and this investment will continue to attract more students.

Business managers should give special attention to the school's largest revenue areas. Each of these sources of income requires planning and accurate budgeting. Together they represent the bulk of a school's annual revenue.

Tuition and Fees

The majority of a Catholic school's income comes from a combination of tuition and fees. Depending on the size of the school, it is often advisable for the business manager to have a staff person solely responsible for tuition and fee collecting and accounting. Some schools use external agencies to collect tuition. Both of these methods free the business manager to spend more time on the planning, investing, and budgeting end of tuition rather than the daily collection and accounting. The business manager should work closely with the head of school in recommending tuition increases to the board. The tuition budget for a school should more than cover the budgeted amount for salaries and benefits.

Early Payments

It is important to build up the tuition account as early as possible in the school year, since September is an

unusually heavy month for accounts payable. Also, this allows the school to earn interest on prepaid tuition and fees. This can be accomplished in a number of ways:

1. Early registration of the incoming class—by requiring incoming students to register in March of the previous year, the business manager can collect both the registration fee and September's tuition six months early. This can then be invested, and the interest used as a source of additional income.
2. Re-registration fee—schools can also require the present student body to pay a re-registration fee in March of the previous year.
3. Prepayment of tuition—business managers can require that monthly tuition be prepaid by the 10th or 15th of the previous month. Some schools give a discount if the entire year's tuition is prepaid. Other schools allow parents to pay by credit card. **This option requires a great deal of analysis since credit card fees to the school can be high.**
4. Payment of the activity fee—many schools require payment of a one-time activity fee in September, rather than smaller fees as activities occur during the year.

Tuition Assistance

Since the total amount of tuition and fees is closely linked to enrollment, it is crucial for a school to keep enrollment as high as possible. Empty seats do not generate income for a school. Tuition assistance from outside sources can increase enrollment and contribute to the tuition budget. Even small grants can encourage parents to fulfill their financial commitments. Business managers, development officers, and administrators can work together to increase the amount of tuition assistance available to students.

Delinquent Accounts

Every school must deal with the problem of delinquent accounts. For some, this is a minor difficulty, but for others, it is a major time-consuming issue. Prepayment of tuition can at least identify potential problems at

226

an earlier date. This, combined with the availability of limited financial assistance, will help in some cases. There will always be the emergency situation due to death, serious illness, or loss of employment. There are also times when parents make financial commitments, knowing that it is impossible to keep them. The business manager should work with the head of school to determine if the school's financial resources can handle these situations. No Catholic school can survive with a high percentage of delinquent accounts.

Development Income

Catholic schools have become increasingly dependent on development income to supplement tuition and fees in the annual budget. Business managers should also see development income as a way of planning for the school's financial future.

Alumni Support and Annual Fundraising

The largest source of tuition assistance (unless a school is completely endowed) is the annual fund. Business managers should work closely with development personnel to determine both the amount needed and the capacity of the campaign to meet the need. Alumni or other donors may be willing to sponsor a particular student who needs financial assistance. This will help to keep tuition costs more reasonable.

Grants

Catholic schools have an urgent need to improve the technology of their academic programs as well as their inter-office communications. Business managers look to development income to help cover the cost of such technological improvements. This is often accomplished through a corporate or foundation grant for a specific project. Grants lessen the burden on tuition or regular fundraising income to pay for costly technology. In many situations, if a grant is not received, the project does not get carried out, due to lack of available funds. Business managers are fiscally accountable to the issuing corporations or foundations for accurate records of income and expenses.

Endowments

Part of the development income may be endowments by individuals or groups for the financial future of the school. Often these endowments are restricted to scholarships or tuition assistance. Sometimes they are directed to plant maintenance or future expansion. Not all schools receive specific endowments but every school should set up an endowment fund, however small. Business managers, in their financial planning, should recommend that a portion of the annual development income be added to the endowment fund each year. Small endowment funds may be managed internally, but larger funds should be handled by brokers or investment managers, with direction set by the leadership team and/or the school board.

Investments

A vital source of income to be considered is investments. School investments can provide financial assistance in a number of ways. They can provide interest or dividend income for the operating budget, growth in assets, or savings for future capital expenses. Investments can be either internally or externally managed.

Internally Managed Investments

Business managers, with the assistance of the leadership team and the finance committee of the school board, can manage two types of investments internally:

1. Checking and savings - business managers should negotiate the best possible rates for combined school accounts. Aware of cash flow needs, managers should keep a limited amount in checking and savings, especially in today's interest climate.
2. Certificates of deposit - short-term and longer-term CDs provide a safe, insured way of earning interest and yet still have the principal available at a specified date. Staggered maturity dates provide the possibility of cash at different points throughout the year.

Externally Managed Investments

Many schools have developed relationships with outside brokers or investment managers who handle in-

vestments for the school. The school sets the investment objectives, social criteria, and general direction, but the outside manager chooses the individual investment instruments. The business manager and other members from the leadership team or school board should meet semi-annually or annually with the outside broker. At these meetings, the school evaluates performance, presents income needs, and sets direction for the future of the fund. The purpose of the investment fund determines the type of investment instruments the manager will purchase. These fall into two basic categories:

1. Fixed income investments - include CDs, bonds and preferred stock. These income-sensitive investments are especially useful when the school depends on investments to produce income for the annual operating budget.
2. Growth investments - investments in stocks either directly or through a mutual fund. The emphasis is not on annual income but rather on growth over a period of years. For any investment fund to grow, as well as produce some income for the annual budget, a portion of the fund should be invested in the market.

Cash Flow

In the overall management of the business office, managing cash flow is one of the most important duties. Since most of a Catholic school's income comes from tuition and fees, it is crucial for a school to receive timely payments. This is especially true if the school has minimal cash assets. Managing cash flow successfully is critical to prompt payment of salaries and benefits.

There are several steps a business manager can take to avoid problems in cash flow. Some have already been mentioned in previous sections.

Adjusting Payment Schedules

Adjusting payment schedules of tuition and fees, i.e. prepayment of tuition, incentives for payment in full, penalties for late payments or bounced checks, and full payment of fees in the beginning of the year, can all assist a school in achieving a positive cash flow.

Staggering Investments

Staggering investments allows for cash to be available at the times of heaviest demands. It also gives the business manager more flexibility in emergencies.

Deferring Income

Careful recording and investing of income received for the following school year prepares a school to meet its cash flow needs. Even within the same school year, some of the prepaid tuition should be put aside for the summer months, when salary demands remain the same, but income is reduced.

Tracking Receivables and Payables

Tracking both receivables and payables, business managers need to have a clear picture of the increases and decreases of both income and expenses. This can vary from school to school but there are some general trends:

1. Income increases when large grants are expected or prior to exams or report cards. Monthly income increases around the date when tuition is due. Unless tuition is received on a twelve-month basis, income decreases in the summer months.
2. Expenses increase in September when the school year begins, in December and in June. Other school events or policies will influence the times when expenses are great. Although salaries remain constant through the summer months, other expenses decrease.

While maintaining a positive cash flow, business managers should also monitor the amount of money remaining in low interest checking or savings when other options are available. Managers should develop an intuitive sense regarding the ebb and flow of the financial cycles of the school year, leaving enough flexibility to deal with unforeseen circumstances.

30

V. Managing Accounts Payable

Cost management is a priority in every company or institution, especially in the present environment of downsizing. For Catholic schools, it is a necessity. Business managers must use every tool at their disposal to contain costs but not at the expense of the school's growth. Accurate record keeping is one of the essentials in managing accounts payable. Business managers should follow accepted practices for retaining all financial records. If there is ever a doubt as to whether to keep a piece of information, it is better to err on the side of caution than to discard potentially valuable data.

There are several large areas of responsibility for the business manager with regard to accounts payable. While some of this responsibility may be delegated to staff or outside agencies, as in payroll, the overall direction still belongs to the business manager.

Compensation: Salaries

The largest expense item for any school is salaries. While business managers are not directly involved in the hiring of faculty, they may be concerned with the hiring of support staff. The manner in which business managers handle salaries can greatly affect their relationship with employees. Written policies regarding salary-related information should be given to each employee at the beginning of employment.

Salary Scales

In Catholic schools, salary scales are often set by the arch/diocese. In non-diocesan schools, where employees do not belong to a union, scales may vary slightly. Sometimes, in these schools, business managers may have some

input into the creation of salary scales. In all cases, they should be involved in budget discussions regarding the financial ability of the school to handle the required salary payments.

Payroll

Since salaries are the biggest expense for a school, managing the payroll is an extremely important task for the business manager. Depending on the size of the school, this can be done internally or by an outside agency. Even when using an external agency, there are several options such as calling in data, faxing data or computer input through a modem.

Several important components of the payroll merit attention:

1. Taxes—updated W-4's should be on file for each employee. External payroll agencies will handle all tax filings, provided that they receive accurate tax code and deduction information from the business office. In very small schools, payroll may be processed internally. In this case, business managers should be extremely careful to acquire any necessary advice or assistance to assure accuracy in tax-related matters.
2. Holidays—there will be times when upcoming holidays will require business managers to advance payroll. It is essential to positive cash flow management that managers plan ahead for holiday payrolls. Each year managers should develop payroll schedules for faculty and staff. A list of paid holidays should be given to each employee. Accurate records should also be kept regarding sick leave. (See Appendix E)
3. Tax-deferred annuities and other deductions—schools that offer tax-deferred annuities to their employees provide another way of increasing net pay at no expense to the school. Business managers can provide updated information about tax-deferred annuities by contacting appropriate companies to give workshops to employees. All payroll deductions should be carefully computed to allow for the highest net pay for all staff members.

Scheduling

Salaried employees are usually not paid on a weekly basis. Some schools pay faculty on a bi-weekly or semi-monthly basis. Schools should choose the scheduling that best fits their cash flow needs. Changing from bi-weekly to semi-monthly can reduce payroll costs and improve cash flow in tight situations.

Classified staff are usually paid by the week, with less vacation time than teachers. Hourly workers can be part-time or full-time employees. Scheduling for weekly payrolls will be different from scheduling for salaried employees and may require more adjustments for holidays and unpaid sick leave.

Compensation: Benefits

An important compensation factor to employees and a significant cost factor to the school is the benefits package. While most Catholic schools cannot compete with their public counterparts in salary scales, they can give attention to just benefits. With rising medical costs and longer life expectancy, benefits can be an incentive when attracting new employees.

Medical Insurance

The most attractive benefit a school can offer (and the most expensive) is medical insurance. Many schools are part of arch/diocesan programs which offer a choice of plans. Employees can choose single coverage, two-person coverage or family-coverage, with appropriate payroll deductions made for each. If a school can offer coverage without payroll deductions, it can help to compensate employees for lower salary scales. Business managers should provide employees with information about all possible choices and keep very careful records about employee coverage.

To minimize costs, some Catholic schools have hired part-time staff, thereby eliminating the cost of offering medical insurance. While this may be necessary in some cases, schools should consider whether or not it is ethical to avoid the responsibility of offering medical insurance by deliberately creating part-time positions. There may be other ways to reduce costs that do not directly affect

employees. Some schools offer a financial incentive to encourage employees to remain on their spouses' medical insurance, which saves money for both the employee and the school.

Retirement

Catholic schools have not been noted for providing attractive retirement plans for their employees. These plans have been woefully inadequate, especially for employees who have given many years of service at low salaries. Business managers should investigate options and consider ways of improving the school's retirement package. Realistically, employees should be encouraged to participate in tax-deferred annuity plans wherever possible. These plans can be based solely on employee contributions, or they can be matched by employer contributions as well. Business managers should assist employees in understanding all aspects of the school's retirement plan, so they can make appropriate choices for their future.

Disability

In addition to short-term disability coverage, some schools are beginning to offer long-term disability plans as part of the benefits package. This can be an attractive offering to employees, especially if they are supporting families. Business managers should be very familiar with the policies for disability coverage to assist employees should the need arise.

Workers' Compensation

More frequently used than disability coverage, workers' compensation is a required benefit for employees. All staff members should know whom to contact when a work-related accident occurs, thus requiring the use of this coverage. Workers' compensation claims should be filed immediately with the workers' compensation board and the school's insurance company. Even in cases of minor injuries, business managers should file the claims to protect the school and the employee.

Life Insurance

Most schools offer modest life insurance to all em-

ployees. Many schools have upgraded life insurance by linking it to salary. Salary increases would necessitate increases in the amount of life insurance coverage provided.

Vendors

Catholic schools often operate on very tight budgets. Business managers need to cultivate good working relationships with the companies from whom they purchase goods or services. Prompt payment of invoices creates a positive reputation for the school and paves the way for extended credit terms if difficulties arise. Business managers can help vendors feel a part of the success of the school by developing long-term relationships that benefit both parties.

There are several large categories of vendors to whom the business manager must give special attention.

Academic

Many of the orders for academic materials are placed at the end of the previous school year. Most companies that deal with large school orders will ship during the summer but bill as of September 1st. This gives business managers thirty days to accumulate tuition, fees and deferred income to meet this large volume of expenses. All academic bills should be reviewed by department chairpersons or by the administration to ensure that they are within the allotted budget. Chairpersons should be required not to hold invoices beyond their due date as it affects the reputation of the school. Business managers should cultivate good relationships with academic vendors by prompt attention to outstanding invoices.

Cafeteria

Most companies which service the cafeteria bill on a monthly basis. Usually, an ongoing relationship with a few companies will service the cafeteria better than a sporadic relationship with many companies. Companies will respond more quickly to emergency requests and will be more interested in solving problems if they risk a significant loss in their business base. All cafeteria-related invoices should be signed by the food service man-

ager prior to payment. Periodically, the business manager and the cafeteria manager should review the accounts and check bids from other reputable companies since this information can be used as a basis for discussion with the school's present cafeteria vendors.

Plant Upkeep and Maintenance

Expenses in this area include both ongoing regular maintenance and building upkeep as well as major capital expenditures. Energy studies can assist business managers in controlling fuel and utility costs. Bids should be obtained for any major capital outlay, remembering that the cheapest is not always the best. Business managers should seek references for any new company bidding on a project. Once again, ongoing relationships with the same companies can prove to be very beneficial for the school, generating both potential donors and partners in the school's continued success. All maintenance invoices should be checked by the maintenance supervisor for accuracy and satisfactory project completion.

VI. Budget Preparation

In the life of the school's business office, the most significant events revolve around the preparation, revision and timely execution of the annual budget. An accurate budget can be the most helpful tool a business manager has in ongoing financial planning for the school. For this reason, a sufficient amount of time should be spent gathering the necessary data and fitting them together into a complex and unified whole. The annual budget should give a clear picture of the school's financial priorities to the various parts of the school community.

No one person can provide all the information needed for preparation of the budget. In fact, for the budget to be owned by more than just the administration or the business office, there should be involvement by members of other levels of the school community. When this happens, people are more likely to stay within budget guidelines.

Departmental Involvement

A major part of the school's budget comes from the needs of its various departments. Some of those needs are consistent from year to year and others change based on the particular demands of the time. All departmental personnel should have input, appropriate to their positions, into the budget process.

Academic Departments

Each year all academic departments should meet to assist the chairpersons in the completion of the departmental budgets. Business managers should provide the chairpersons with timely departmental financial reports so that budgets may be prepared accurately. It may be

helpful for business managers to meet with the chairpersons to set some guidelines for creating the budget. The following are several suggestions:

1. Using the annual departmental financial statement, determine which expenses are ordinary, recurring expenses and which ones are extraordinary.
2. Compare the current financial statement with the current departmental budget. If there is a significant difference, discuss the cause and how that can be improved in completing the current budget.
3. Project needs for the coming school year, considering any departmental changes which may impact the budget.
4. Allow for inflation in the recurring expenses, remembering to exclude this year's extraordinary expenses from the budget.

Maintenance and Cafeteria Personnel

Both the maintenance supervisor and the cafeteria manager should be involved in the budget process for their respective areas. They are involved in the upkeep of their departments on a daily basis and can give valuable input regarding future needs and cost saving strategies. Business managers should meet with the appropriate personnel in both these areas to review financial statements and to project extraordinary needs for the following budget year. A projection of enrollment will be necessary for the cafeteria manager to give accurate cost estimates for the coming school year.

Administration

All departmental budgets must be approved by the head of school, in conjunction with the business manager. There are also more general budget items that are controlled by the administration. Heads of schools and business managers should have ongoing discussions about plans that impact the budget. Some of the areas where administration would have the most information include:

1. Salaries and benefits of faculty and staff—any significant increase or decrease in the number of employees or any aspect of their benefits pack-

age could greatly affect the budget.

2. Student activities—affects both the income and expense side of the budget. A change in the rate of pay for moderators, the addition of new activities, or a change in activity fees are all necessary information for the budgeting process.
3. Plant upkeep and maintenance—any planned capital expense or major project for plant upkeep should be included in the budgeting process. This may be over and above what the maintenance supervisor projects.

Use of Financial Reports

After the departments have given their input to the budgeting process, the business manager must fit all the pieces together into a unified whole. There will still be some areas where the business manager must make projections without any additional information from the school community, such as fuel, utilities, insurance and interest income. Financial statements can be a very valuable tool in producing a completed annual budget.

Since the annual budget for the following year is produced prior to the end of the current fiscal year, financial statements can assist the business manager in projecting the present year's figures. This information, as well as data from past fiscal years, can then be used to accurately project the coming year's financial picture. Using one year's figures may not be sufficient if there has been unusually high or low income or expenses. A three-year history gives a much truer financial basis for making projections.

Comparison of past financial statements with present year-end projected figures gives business managers the ability to budget in areas that they do not control. A school may have a choice about purchasing new furniture or equipment, but there is no choice about paying for heat or medical insurance. Cost saving measures may be introduced, but ultimately, bills must be paid at the stipulated rates. In addition to financial statements, business managers should gather data from external sources regarding rate of inflation and projected increases. Using all of this information, and allowing for emergencies,

business managers can create a workable annual budget that will be useful throughout the year.

Revising the Budget

The first draft of an annual budget is always tentative. Since tuition amounts need to be finalized prior to registration of the incoming class, budget projections begin early in the current fiscal year. Business managers tend to project income conservatively and expenses liberally since it is always easier to return to the school board with a more positive financial picture, than it is to return with a negative one. Nevertheless, business managers should try to be as accurate as possible with the first draft, as this is the one presented for approval to the appropriate authorities.

As the current academic year continues, business managers should periodically review the projected budget for accuracy. There should be a definite schedule set up for revisions, as plans for the upcoming year become more concrete. This is especially important in the larger budget areas, particularly salaries and benefits. By the beginning of the following school year, final budget revisions should be in place and approved by the head of school and school board. The revised budget becomes the operative financial guideline for all parts of the school community and is the one published in any printed communication.

Communicating the Budget

Upon completion, the annual budget reveals a great deal about the financial priorities of the school. It becomes the financial standard against which the year's income and expenses are measured. Appropriate written explanations should accompany the budget, so that underlying values and significant differences are suitably communicated.

There are several individuals or groups to whom the budget details must be communicated, and business managers should be aware that each has a particular interest. All will look to the bottom line but, perhaps, for different reasons. It is the business manager's job to

communicate more than just the bottom line to the respective groups. Understanding the school's budget is the first step to good financial planning.

Head of School

The head of school has an integral role in developing the annual budget although the degree of direct involvement varies from school to school, depending on local custom and needs. In any case, the head of school needs a thorough understanding of all components of the budget, as he or she will be the prime communicator of the school's values and financial situation. Ideally, the business manager and school head will work together in both the development and communication of the annual budget.

School Board/Board of Trustees

One of the functions of the school board is to approve the annual budget. An active finance committee of the board can be of great assistance to the business manager in the development, revision and monitoring of the budget. Often, the school board is primarily interested in the bottom line of the budget. If a net profit is projected, the business manager, through the finance committee, can spend more time on the underlying values of the budget and what it says about the financial future of the school.

Faculty/Staff

When presenting the budget to school personnel, the business manager has an opportunity to show the relationship between the various income and expense items and a chance to familiarize staff with the other financial concerns of the school besides those which directly affect them. Business managers should use this time to explain any improvements planned in the budget and give time for questions and discussion.

Parents

Each year there should be an annual business meeting where the head of school and business manager can present the school's budget to interested parents in abbreviated form. This is an excellent opportunity to give parents a clear picture of the real costs of running the

school. Business managers should stress the benefits to the students in each expense category. Contributed services should be included in the budget report, as it is a vital part of the school's overall financial picture. As with school personnel, time for questions and discussion is an important part of the presentation.

VII. Financial Reporting

Throughout the academic year, the business manager will be asked to report on the financial status of the school as a whole or on a particular department or project. Timely input of financial data is a major task in order for the business manager to produce accurate financial statements. Software is available to assist the business manager in carrying out this responsibility. Programs can be adapted to meet the specific needs of a school or to satisfy government or board requirements.

Types of Reports

Several different types of financial statements or reporting may be useful throughout the course of the school's fiscal year. Business managers should be prepared to discuss any of these reports with the various groups within the school community. Reports should be kept simple and concise for greater clarity and understanding.

Balance Sheet

The balance sheet gives a clear picture of the school's assets and liabilities. Business managers should review this statement with the head of school, especially when discussing major capital expenditures or long-range planning. Balance sheet statements are provided to the board of trustees or owners of the school as an annual source of accountability.

Operating Statement

The most frequently used financial report is the operating statement of income and expenses for the cur-

rent fiscal year. Business managers should periodically compare the operating statement to the annual budget to determine variances. Many computer programs do this automatically. The operating statement, in its semi-annual and annual forms, will be used by the entire business office, as well as the head of school and the school board, in making financial decisions. Business managers should use as much detail as necessary for understanding. For all groups, detail and backup data should be available when questions are raised.

Cash Flow

When the annual report is compiled, a cash flow statement is usually included. This type of report focuses on the flow of cash in and out of the account as well as its availability for use. This becomes very important during periods of unusually high income or expenses. Business managers can use the cash flow report to match income with expenses and predict potential shortfalls. Cash flow statements should be included as part of the annual audit or review.

Comparison Statements

When presenting six-month or year-end financial information, it is very helpful to use comparison figures to give a broader financial picture of the school. Comparison statements can more easily identify trends or patterns of increase or decrease. The operating statement can be compared to past performance in similar time frames or to budgeted figures. This can be done with all groups who receive the financial reports.

Frequency

Computer-generated financial statements can be produced monthly, or even daily, depending on the frequency of input. Requirements vary from place to place, according to the needs of the school board, board of trustees, or the head of school. Monthly balance sheets and operating statements, without detail, provide helpful references and useful records for future comparisons.

Business managers should provide quarterly, or at the very least, semi-annual reports for the head of school

and the school board or board of trustees. These should include as much detail as necessary for a thorough understanding of the school's financial picture. At times, however, too much detail can cloud the overall picture, especially for those not involved in the everyday activities of the school. Business managers should structure the reports for accuracy and understanding, with detail available when requested.

If a school is in financial difficulty, monthly operating statements may be requested by the finance committee or other administrative groups. Business managers should be prepared to provide monthly information with details and explanations to assist in financial decision-making.

Annual Reviews and Audits

Besides the financial reports prepared by the business office, a school should arrange for a yearly audit or audit review by an outside accounting firm. This provides protection for the business manager and administrators, as well as valuable assistance in the financial management of the school. Audited statements can be used when applying for grants from outside agencies or large donations from individuals. Schools should seek an agency or individual CPA skilled in not-for-profit accounting.

To prepare for the annual audit, it is often helpful to have the accountant or agency prepare a six-month report. This can assist the business manager with any problems or correct any errors early in the year. The business office should keep careful records and prepare worksheets for investments, accounts receivable, accounts payable, and prepaid expenses prior to the audit.

Financial Projections and Long-range Planning

In today's Catholic school, one of the most important administrative responsibilities is long-range planning. The business manager plays an integral part in this planning by using past and current financial reports to make financial projections. Business managers, in conjunction with the administration, should develop five and ten-year pro-

jections for the school's largest income and expense items, notably compensations and pricing. These projections should be periodically updated as more definite information becomes available.

Using the financial projections, schools can begin to create their preferred futures by making decisions now, ones that could impact them positively later. It is easier to prevent a crisis than to deal with the effects of one. Long-range planning should characterize each of the major budget areas.

VIII. Plant and Maintenance Operations

After the financial aspects of the academic program, managing the plant and maintenance operations of a school is the next most important aspect of the business office's responsibilities. The physical buildings and surroundings of a school create a visible image to prospective students and prospective donors. When the school's physical appearance begins to decline, it has an unsettling effect on other dimensions of the life of the school. The business manager has the opportunity to act as the steward of the school's resources in overseeing the plant and maintenance operations.

Maintenance Staff

School leadership can explore several options of maintenance management. Business managers should assist the administration in choosing the best option for their school, depending on size, location and availability of personnel.

Hiring Maintenance Staff

Some schools choose to hire all of their own employees for the maintenance department. In this option, the school saves any administrative fees which would be paid to an outside contractor. The number of employees hired would depend on the size of the building and the surrounding grounds. Business managers should know the prevailing salary scales in the area for maintenance personnel and match this as closely as possible. Competent

maintenance personnel can save a great deal of money for the school by contributing effective preventive maintenance as well as providing the everyday cleanliness that adds to the school's reputation.

Contracting for Maintenance Services

Another option for schools to consider in maintaining the plant facilities is to contract with an outside company. While this can be an expensive option, it does bring certain benefits to the school. If an employee is sick, it is the outside company's responsibility to continue providing the service. If a maintenance employee quits, the company provides a replacement. The company will also provide supervision of employees and maintenance supplies when needed. This option can be very workable for a school, depending on the quality of the personnel and the frequency of turnover.

Combination of External Services and Maintenance Supervisor

Some schools choose a combination of the two possibilities mentioned above. A school can hire its own maintenance supervisor to handle the more complex aspects of facilities management and obtain daily cleaning services from an outside company. This option allows the school to control the salary and benefits of the supervisor, while assuring the ongoing cleanliness of the school, despite employee difficulties.

Record Keeping

Overseeing the maintenance of even a small school building and plant requires careful organization on the part of the business manager. There are several areas where this is especially important.

Bids and Contracts

When contemplating a large maintenance project or building improvement, a school normally seeks at least three bids before deciding on a contractor. It is important to keep records of all bids, even those that are rejected. This gives the business manager a wide variety of companies to consider for future work, especially if several

bids were close. The bidding process may also reveal companies that a school would choose to avoid. Contracts for capital expenses should be retained and periodically reviewed, as they give a history of plant management in the school.

Painting

In their role as stewards, business managers have the responsibility to provide for preventive maintenance of the school plant. Regular painting of all parts of the school building, according to a rotating schedule, is a major part of meeting this responsibility. It is helpful for the business manager to keep a master list of each room, stating date of last painting, colors used and what was done. The master list could also include other improvement such as new blinds or desks. This enables the business manager to budget more accurately for plant maintenance.

List of Suppliers

Keeping an updated list of maintenance suppliers is a necessity for the business office. Not only is it invaluable for the business manager, but it may also provide a source of potential donors for the development office. Business managers often become aware of additional distributors recommended by other schools or organizations. This inactive list proves extremely useful when present suppliers can no longer meet the school's needs or when multiple bids are required. The business office should have lists of several plumbers and electricians for example, for emergency purposes when regular contractors are unavailable.

Security

In today's society, it is more critical than ever to provide for the safety of both the students and the school's physical building and plant. Whether schools are situated in an urban or rural locality, they cannot afford to be lax about security. During the school day, all visitors should check in first at the main office to obtain the necessary passes or permission to walk about the building. Some schools find it necessary to hire security personnel

to be certain that unauthorized persons are not admitted to the building. Other schools find that a buzzer system, a security mirror or camera, or simply assigned personnel answering the door works just as well. In some cases, heads of schools assign faculty members to check various parts of the building, when doors are more likely to be open. All students should feel that they are entering a safe environment in a Catholic school, and that every precaution is being taken to maintain this atmosphere.

The other security problem that business managers face is keeping the school plant safe from intruders after school hours. With the increased use of technology, Catholic schools possess expensive equipment, making them vulnerable when the plant is not in use. Many schools have installed alarm systems to protect buildings and surroundings during the night and on weekends. More complex systems may be needed in the future to safeguard the plant facilities.

Planning for Upkeep

In addition to a five and ten-year financial plan for the school, business managers should assist in developing a long-range plan for building and plant upkeep. Responsible stewardship requires careful planning for both the present and the future. Business managers are challenged to preserve the school facilities for future generations of students, beyond the time when they themselves will be present in the school. There are several aspects to consider in creating this plan.

Physical Plant Audit

In order to acquire a broad, objective picture of both the current status of the school's physical plant and its future maintenance needs, it is often helpful to engage an outside consultant. This gives the school an objective evaluation of the condition of the building and grounds and a plan for ongoing improvement. A study of this kind forces a school to look toward the future and prepare for preventive maintenance. Most schools should have an active building committee, a strong asset in maintenance management.

Funding

Once a school has a clear picture of its present and future maintenance needs, it is up to the business office to consider funding sources and estimated timing for these projects. A significant portion of these expenses should appear each year in the annual budget, either as actual expenditures or as savings toward future plant improvements. The business manager can work together with the administration and the development office to evaluate the possibility of grant proposals for some of this work.

Evaluation

Business managers should evaluate the long-range maintenance plan on an annual basis for effectiveness and continuity. They should make revisions when necessary, thus assuring that the plan stays relevant to the needs of the school. It is also important to evaluate the funding sources annually.

IX. Other Internal Operations

The overall management of the business office often includes other internal operations, which may vary from place to place. Two important areas, common to most Catholic schools, are the cafeteria and the bookstore. Depending on the size and grade levels of the school, both of these departments can be crucial to the smooth operation of the institution. While the business manager should not be directly running either the cafeteria or the bookstore, overseeing the income and expenses falls to the business office. When these operations are efficiently directed, they can be additional sources of revenue for a successful school. However, the reverse can also be true. A poorly managed cafeteria or bookstore can be a financial drain on a school and cause significant problems.

Cafeteria

Every school, regardless of size, has the responsibility to promote good nutritional standards for its students and to make provisions for a proper lunch during the school day. Some Catholic schools choose to fulfill this obligation by having students bring their own lunch, thereby incurring neither expense nor income. In some cases, even these schools participate in a milk program, which allows students to purchase milk during the school day. In these situations, the business office has minimal responsibility for the cafeteria program.

Many Catholic schools, especially on the secondary level, have full cafeteria service available for their stu-

dents. There are several ways of providing this service, depending on the school's particular circumstances.

Federal/State Breakfast and Lunch Programs

If a school has a sufficient number of students who qualify, it may participate in the government meal reimbursement program. Since guidelines are related to family income, this program is most beneficial to schools who serve a low-income population. As always, government programs require extensive paperwork which usually falls to the business office to oversee. This option has several advantages to the school:

1. A large percentage of the student body can receive nutritious meals free or at a greatly reduced cost with the school receiving reimbursement on a per-meal basis.
2. Government reimbursement pays for cafeteria salaries and benefits, as well as providing some payment for soft costs.
3. Providing the possibility for free or reduced meals is a positive factor in recruitment. This represents a savings for families to help balance tuition costs.
4. Schools have access to free training for cafeteria personnel, educational materials on nutrition, and a variety of possible menus.

An important part of participating in the federal food program is the commitment to accurate recordkeeping. Although much of the daily data is recorded and kept by the cafeteria director, the business office is usually responsible for the required summary reports. The business manager should have a thorough understanding of the government requirements, to assure proper reimbursements for the school.

Outside Food Service Management

Another option for schools that offer full cafeteria service is to hire an outside agency to manage the program. Sometimes this is done in conjunction with other schools through an arch/diocesan agency. Much of the responsibility for the cafeteria is removed from the business office. Cafeteria employees would be direct employ-

153

ees of the agency instead of the school. In some cases, schools can influence salary scales and fringe benefits of the agency employees working for them, if the cafeteria income covers these costs.

There are several obvious benefits to using an outside agency to manage the cafeteria:

1. It is the agency's responsibility to arrange for substitute employees when sick days or personal days deplete the regular staff.
2. The agency handles all payroll concerns and employee training.
3. Cafeteria cash flow is easier to manage.
4. Professional nutritional guidance is easy to obtain.

Outside food service management usually costs more than internal management but can be cost effective in certain situations. A poorly managed internal program can be very expensive for a school and result in poor public relations. Business managers should weigh the benefits of all available options.

Internally Managed Cafeteria Program

Many schools hire their own employees to run the breakfast and lunch programs. Cafeteria employees are valued members of the school community and provide needed service to the students and faculty. In this option, it is extremely important that the school hire a competent director to manage cafeteria operations. The business manager should work closely with the director to be sure that the cafeteria runs smoothly and profitably. Daily operations can be left to the director, with overall management under the business office. Pay scales should be as competitive as possible to ensure some longevity.

One of the benefits of this type of management is that the business office maintains more control over operations and employee compensation. Employees also feel more committed to the success of the school. If the program is well managed, the school can save the cost of an agency fee.

Some schools, especially those in suburban areas, are using their cafeterias to produce additional income during after school hours. If facilities are well maintained, schools can rent their cafeteria space to outside groups for

meetings, wedding reception and parties, when school is not in session.

Bookstore

Most Catholic secondary schools have a bookstore or supply room as an integral part of the facilities. When the school bookstore has convenient hours and is well stocked, students find it much easier to buy their supplies at school. This can provide additional income and free advertising for the school. Students and alumni have a great interest in promotional items which display the school's name, colors or emblem. Opening the supply room at school or alumni events can increase its cost effectiveness. By advertising in school publications, including those sent to prospective students and graduates, the bookstore can enlarge its customer base and its usefulness to the school. The business manager can coordinate this enhanced use of the supply room by the development office, public relations and recruitment.

Some schools operate numerous other activities through the bookstore or supply room. The business office should work closely with the supply room manager to utilize this department to its fullest advantage:

1. Use the bookstore to sell tickets to school performances. This removes the responsibility from the classroom teacher and allows for increased advance sales.
2. If a school participates in the government meal program, arrange for the supply room to sell prepaid breakfast and lunch tickets. This assists the cafeteria program to run smoothly.
3. If applicable, have the supply room coordinate the government transportation program. The manager can complete the necessary paperwork and distribute bus and train passes.
4. Use the bookstore as the school's "lost and found" department. This removes a great distraction from the main office.
5. Have the supply room participate in the coordination of certain fundraising events, such as candy sales. This can be done in conjunction with homeroom teachers.

Obviously, none of the above suggestions can occur if the bookstore manager is not flexible, knowledgeable and organized. The business manager should work with the administration to assure that the person hired understands the complexity of the job. In this scenario, the supply room manager becomes a key full-time position.

X. Conclusion

Catholic schools make a tremendous contribution to America's educational system. They have an illustrious past and a promising future, despite growing monetary concerns. Good financial management is essential to guarantee a promising future for generations to come. An efficient business office is the heart of maintaining proper fiscal management in a school. The business manager becomes the link between departments and administration, coordinating all financial activities.

The call to stewardship is an important challenge for Catholic schools. The work of the business office, although often behind the scenes, facilitates the school's ability to meet this challenge. Business managers should realize the value of their contribution in carrying out the mission of the school. They are called to always approach financial matters in a Gospel context, remembering that they are about God's work, mundane as it may appear. It is this focus that enables business managers to be part of the goal of all Catholic education, "to teach as Jesus did".

57

Appendix A

This manual is a practical guide for business managers and school administrators. The contents of the appendices are guidelines that may be helpful and which may be modified as necessary.

Sample Snapshot of Primary Responsibilities

Business Manager

The school business manager's responsibilities include:

1. Management of financial affairs—budgeting, accounting, payroll, insurance, investments, extra-classroom funds, financial reporting, overall accounts receivable.

2. Supervision of building and grounds—operation and maintenance of plant.

3. Supervision of purchasing—procedures for purchasing, vendor/contractor relations, accounts payable.

4. Supervision of school breakfast and lunch programs, when applicable—operation of cafeteria hiring and evaluation of student personnel, completion of governmental reporting.

5. Supervision of support personnel—hiring maintenance personnel, cafeteria employees, clerical, etc.

Tuition Assistant

The responsibilities of the school's tuition assistant include:

1. Recording all tuition and fees—maintaining accurate records for each student.

2. Generating monthly statements of outstanding accounts.

3. Maintaining contact with parents regarding tuition/fee related information.

4. Maintaining accurate records of the various tuition assistance plans.

Appendix B

Sample Chart of Accounts Record of Income in Preparation for Deposits

Acct. #	Acct. Name	Amt.	Acct.#	Acct. Name	Amt.
10	Tuition	$____	83.02	Musical	$____
10.01	Reg. Fee	$____	83.03	Prom	$____
11.03	Graduation Fee	$____	84.01	Student Activities	$____
11.04	Transcripts	$____	84.02	Parent Act.	$____
13	Development Office	$____	85	Trips	$____
16	Reunions	$____	90	In-Out	$____
17	Interest	$____	4200	A/R Cafeteria	$____
18	Other	$____	4300	A/R Convent	$____
18.03	College Courses	$____	5500	Def. Tuition	$____
73	Supply Room	$____	5600	Def. Reg.	$____
73.01	Fee Inc.	$____	5600.01	Def. Re-reg.	$____
74.01	Tel. Com.	$____	5800	Def. Ring Inc.	$____
74 (2-6)	Other Com.	$____	5910.02	Def. Dev. Inc.	$____
82.02	Yearbook	$____	5990	Other Def. Inc.	$____
82.03	Student Council	$____	5990.01	Def. Fee Inc.	$____
83.01	Chr. Concert	$____			

Date of Deposit _____

Total _____ Checks _____ Cash _____

60

Appendix C

Sample Employment Agreement for Co-curricular Activities

A. The agreement made this _____ day of _____, 1999, by and between St. Ruth High School, hereinafter referred to as the "school", and _____, hereinafter referred to as the "coach" or "moderator".

B. 1. Name of Activity: _____
   2. Job Description: _____
   3. Compensation: _____

   1. Name of Activity: _____
   2. Job Description: _____
   3. Compensation: _____

   1. Name of Activity: _____
   2. Job Description: _____
   3. Compensation: _____

C. The "coach" or "moderator" agrees to carry out the responsibilities according to the supervision, authority, rules and regulations of the "school".

D. This agreement is executed in duplicate with a copy delivered to the "coach" or "moderator" this day.
   Date: _____

SIGNED:

_____ St. Ruth High School

"Coach" or "Moderator" Name of Employer

_____ By: _____

Address

_____ _____

City State Zip Title

_____

Telephone No.

61

Appendix D

Sample Employment Contract for Non-teacher Personnel

St. Ruth High School ("Employer") hereby agrees to employ _____("Employee") and the Employee agrees to accept employment of the Employer for the period of _____ through _____ subject to the rules and regulations established by the Employer.

It is understood and agreed that such employment shall be on such days as the school is in session and on other such days, if any, as required by the Employer and during such hours as scheduled by the Employer.

The Employee shall perform all the duties of her position and shall be paid for such work at the hourly rate of $_____ for _____ hours per week. This employment and its mutual obligations shall continue throughout the term of this agreement and shall continue following school vacations and/or holidays prior to the expiration of this agreement.

It is mutually agreed that either party may terminate this agreement with seven days notice except that no notice may be required where the Employee is discharged for cause.

St. Ruth High School

By:

_____
Employee

_____
Head of School

Dated: _____

Appendix E

Sample Annual Sick Leave Record

Name _____

Date Employed _____

_____ A. Sick days earned/accumulated as of June, 1998

_____ B. Sick days entitled to for 1998-99. (Eligible for 10 as of opening day, then eligible for 1 day per month as of the date employed.)

_____ C. Total sick days available as of 9/99 (A + B).

Sick Days Used and Paid during 1998-1999

1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30

_____ D. Total sick days used/paid during 1998-1999

_____ E. Total sick days accumulated as of June, 1999. (C -D) cannot be greater than 20.

Sick Days Taken but not Paid during 1998-1999

1	2	3	4	5	6	7	8	9	10	11	12

The above is an accurate record of my sick days and accumulated leave.

_____ _____

Signature Date

Appendix F

Sample Salary and Benefits for Fiscal Year 1998 -1999

Employee: _____

Annual Salary 1998 -1999 $_____
Benefits $_____
Total Compensation for 1998-1999 $_____
Pay Cycle:
Faculty—24 payments
Staff—Payments vary according to work schedule $_____

Increase in Salary as follows:
Total salary 1997-1998 $_____
Increase $_____
Annual salary 1998-1999 $_____

SUMMARY

	School's Contribution	Employee's Contribution
Annual Salary	$_____	
Activities	_____	
Pension 3.7%	_____	
Medical/Life/LT Disability (where applicable)	_____	_____
Disability Insurance	_____	_____
Total Compensation	**$_____**	
Social Security (FICA)	_____	_____
Workers compensation	_____	
Total Cost to School	**$_____**	

I am aware of the above Compensation Determination for the Fiscal Year 1998-1999.

Date:_____ Signature 64 _____

Appendix G

Sample Breakfast Cost Record

Month_____ Year_____

Item	Quantity Used	Unit Price	Total
Grain Bread			
Rolls			
Mini Rolls			
Bagels			
Muffins			
Cereal			
Total This Section			
Whole Milk			
Low Fat Milk			
Skim Milk			
Chocolate Milk			
Chocolate Syrup			
Gallons			
Quarts			
Total This Section			
Apple Juice			
Orange Juice			
Cranberry Juice			
Grape Juice			
Tropical Orange Juice			
Tropical Punch			
Total This Section			
Grape Jelly			
Strawberry Jelly			
Cheese			
Cream Cheese			
American Cheese			
Butter			
Eggs			
Total This Section			
TOTAL BREAKFAST FOOD USED			

References

Block, Peter . *Stewardship: Choosing Service Over Self-interest*. San Francisco: Berrett-Koehler, 1996.

Mish, Frederick C., ed. *Merriam-Webster's Collegiate Dictionary*. Tenth Edition. Springfield, MA: Merriam-Webster, Inc., 1993.

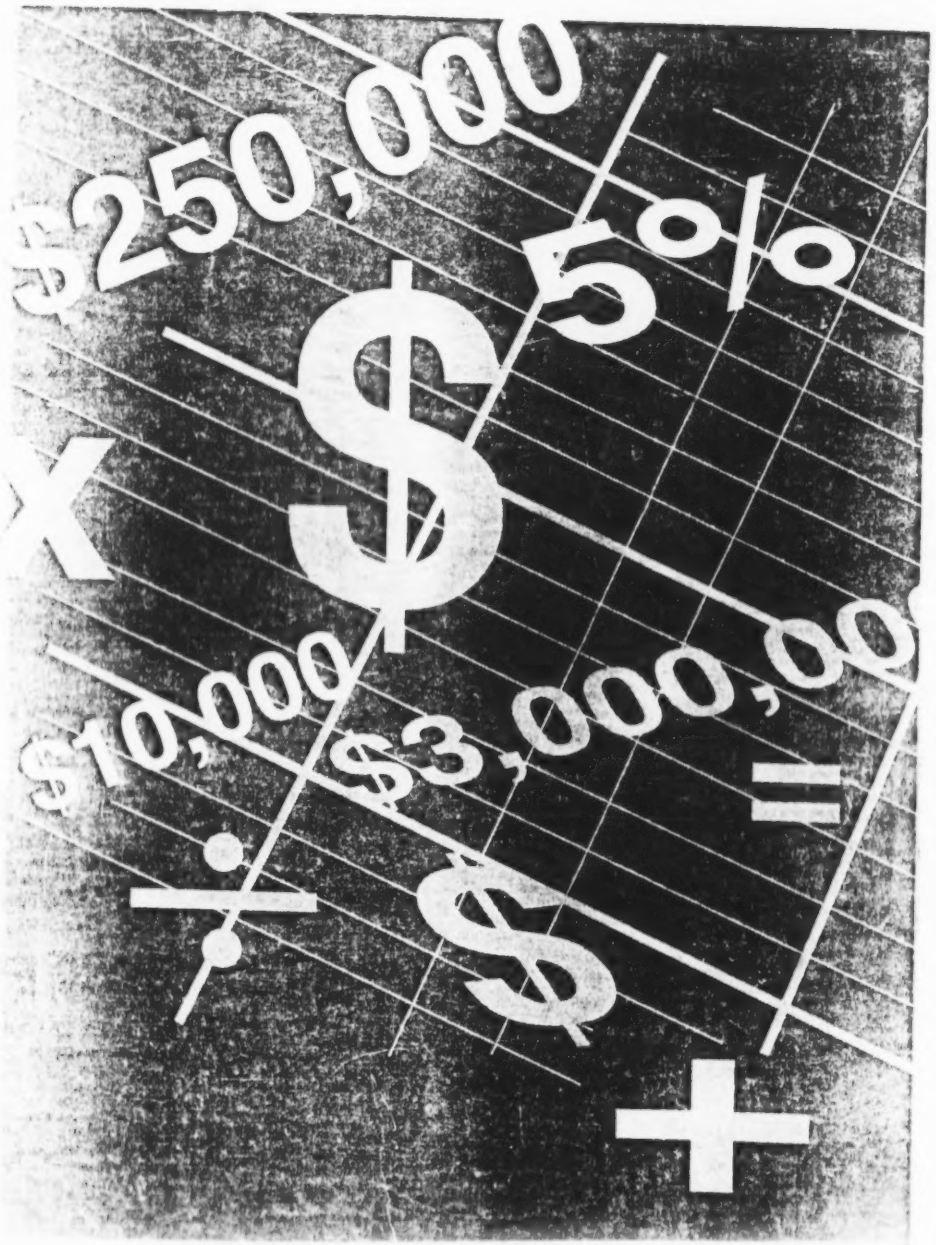
Senge, Peter. *The Fifth Discipline: Mastering the Five Practices of the Learning Organization*. New York: Doubleday, 1990.

About the Author

Sr. Joan Correia, OP, a native of the Bronx, New York, has been a Dominican Sister of Sparkill since 1964. She received her B.S. Degree in Mathematics and Education from St. Thomas Aquinas College, her M.S. Degree in Secondary Education from Salisbury State College, and her M.B.A. in Church Management from The Graduate Theological Foundation.

Sr. Joan was a mathematics teacher for thirteen years in both Maryland and New York, including four years as Director of Education in a drug rehabilitation program. In 1980, she assumed the position of Treasurer for the Dominican Sisters for eight years. Following this, Sr. Joan served as a missionary in Pakistan while continuing her work in education.

Currently, Sr. Joan is the business manager for Aquinas High School, a Catholic secondary school for girls, located in the Bronx. She also serves on the Finance Committee of Thorpe Family Residence.



Secondary Schools Department
National Catholic Educational Association
1077 30th Street, NW, Suite 100
Washington, DC 20007-3852
(202) 337-6232; fax (202) 333-6706; www.ncea.org

BEST COPY AVAILABLE

BEST COPY AVAILABLE